

**DEPARTMENT OF STATE REVENUE**

**LETTER OF FINDINGS NUMBER: 00-0363P**

Income Tax Penalty  
Fiscal Year Ended September 30, 1998

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**ISSUE(S)**

I. **Tax Administration** – Penalty

**Authority:** IC 6-8.1-10-2.1(d); 45 IAC 15-11-2

Taxpayer protests the penalty assessed.

**STATEMENT OF FACTS**

Taxpayer, in a letter received on September 13, 2000, protested the penalty assessed for fiscal year 1998.

I. **Tax Administration** -Penalty

**DISCUSSION**

Taxpayer was assessed a negligence penalty for failure to timely pay its entire tax liability by the due date of the return.

Taxpayer states that it was involved in a merger that resulted in the complete turnover of its Tax Department during this time which made compliance processes and record keeping extremely difficult to maintain. In spite of these obstacles, it paid in estimated payments of \$11,200 during the year, which was nearly three times the total tax liability of the previous tax year. Taxpayer requests a waiver of the penalty assessed because it clearly is not a case of willful neglect on its part. Taxpayer further states it seems unduly harsh to assess the penalty when contrasted with the taxpayer's history of making timely payments and filing timely returns.

Taxpayer was several months late in paying all of its tax liability. Ninety percent of the tax due was not paid by the due date of the return, i.e. January 15, 1999. IC 6-8.1-10-2.1, IC 6-3-4-4.1(b) is

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reference that a ten percent (10%) penalty will be assessed when the taxpayer fails to file a return, fails to pay the full amount of taxes due by the due date, incurs a tax deficiency due to negligence, fails to timely remit any tax held in trust for the state, or fails to make a required electronic fund transfer or payment by overnight courier or personal delivery.

Taxpayer has not provided reasonable cause to allow the department to waive the penalty.

**FINDING**

Taxpayer's protest is denied.

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